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Medan Cable 001 for 2008

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SUBJECT: Medan Mayor Busted on Corruption Charges, Vice Mayor
Reportedly on the Run

Ref 07 Jak 3349

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¶1. (SBU) Summary: Notoriously corrupt Medan Mayor Abdillah was arrested in Jakarta on January 2 by the National Corruption Eradication Commission (KPK) in a case which also implicated his vice mayor and senior provincial legislators. The arrest was not unexpected and the arrest of the Vice Mayor is reportedly imminent. The implicated legislators appear to have escaped serious charges in exchange for the return of more than USD 44,000 given to them by the mayor and vice mayor. This case constitutes the first significant arrest by the KPK since a controversial new Board of Commissioners was installed in December. End Summary.

Mayor of Medan Arrested, Vice Mayor Sought

¶2. (SBU) Medan Mayor Abdillah was arrested in Jakarta on January 2 on corruption charges. Mayor Abdillah and Vice Mayor Ramli had been named as suspects in a kickback scheme involving the purchase of fire engines and other scams. The arrest came on January 2 after an extensive and protracted investigation. According to KPK Spokesperson Johan Budi, Abdillah will remain in detention for the next 20 days while formal charges are prepared against him.

¶3. (SBU) After the arrest, Deputy KPK Chairman Chandra Hamzah issued a public statement accusing Abdillah of enriching himself and others through corrupt acts costing the government more than USD 3.2 million, including a USD 330,000 mark-up scheme on city-purchased vehicles. Hamzah detailed additional allegations including budget and contracting irregularities, awarding of lucrative contracts to shell companies and firms linked to his family, and shady land deals made for personal enrichment. This case is the first significant arrest by the KPK since a controversial new Board of Commissioners was installed in December. (reftel)

¶4. (SBU) The KPK has also issued an order for the arrest of Medan Vice Mayor Ramli on similar charges. KPK officials have stated publicly that they expect to arrest Ramli on January 3. According to several reports, Ramli did not show up for questioning and may be on the run.

15. (SBU) That Abdillah would be arrested on corruption charges has been an open secret in Medan for more than a year. In July 2007, after an anonymous official leaked details about the investigation to the local press and the KPK announced that the mayor and vice mayor were subject to a travel ban, Abdillah virtually disappeared from the public sphere.

16. (U) Following a short period during which it appeared that the investigation had stalled, Abdillah critic Leo Siagian, Coordinator of Civil Society for the Democratic Party, told local media on December 16 that he expected Abdillah to be behind bars before the end of the year. A hastily arranged visit by President Yudhoyono to Medan on December 19, reportedly made in part to assess the possible effects this case might have on the North Sumatran provincial elections coming up in April 2008, was considered the final step clearing the way for Abdillah's arrest.

Legislators Cooperate with Investigators

17. (SBU) Several senior provincial legislators, including the President of the North Sumatran legislature, Abdul Wahab Dalimunthe, were also implicated in this case. The KPK questioned Dalimunthe extensively, and he eventually agreed to turn over nearly USD 11,000 to the KPK on December 18. According to Dalimunthe, Vice Mayor Ramli gave him the money for mosque construction, an explanation few find credible. Another legislator, Yulisar Parlagutan Lubis, returned USD 33,000 to the KPK. Contacts in Medan have said that Dalimunthe and Lubis returned the money and promised to cooperate with investigators in order to avoid serious charges. KPK officials have told the press that the men's cooperation will mitigate possible penalties but not absolve them from guilt.

Who's Minding the Store?

18. (SBU) City Secretary (Medan's most senior civil servant) Affifudin Lubis is currently acting mayor of Medan. On December 27, Lubis told Consulate Medan that he had been designated acting mayor

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until further notice. Lubis added that Abdillah had already been in Jakarta for several weeks at the insistence of KPK investigators. Lubis is considered to be a clean, competent administrator and was a recipient of a U.S. International Visitor grant. He remains a close contact of the Consulate.

19. (U) This cable has been coordinated with Embassy Jakarta.
HUME